

**ST. TAMMANY PARISH TOURIST AND
CONVENTION COMMISSION**
St. Tammany Parish, Louisiana

Annual Financial Statements

May 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-13-06

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Commissioners
St. Tammany Parish Tourist and Convention Commission
St. Tammany Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Tammany Parish Tourist and Convention Commission (the Commission), a component unit of the St. Tammany Parish Government, as of and for the year ended May 31, 2006, which collectively comprise the basic financial statements. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the St. Tammany Parish Tourist and Convention Commission as of May 31, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2006, on our consideration of the St. Tammany Parish Tourist and Convention Commission's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Management's Discussion and Analysis, beginning on page 4, and the budgetary comparison schedule identified as Schedule 1 and 2, are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents under Supplemental Information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

November 6, 2006

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Year Ended May 31, 2006

Management's Discussion and Analysis

As management of the St. Tammany Parish Tourist and Convention Commission (the Commission), we offer this narrative overview and analysis of the Commission's financial activities for the fiscal year ended May 31, 2006. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 8 and 9 provide information about the activities of the Commission as a whole. Fund financial statements begin on page 11. The Commission is a component unit of the St. Tammany Parish Council. Its operations are conducted through the general fund. A special revenue fund is used to account for a portion of the state sales taxes designated for the use of performing arts/events centers.

A summary of the basic government-wide financial statements is as follows:

STATEMENT OF NET ASSETS SUMMARY

	2006	2005
Assets		
Cash and Cash Equivalents	\$ 13,121	\$ 7,003
Investments	1,111,287	319,680
Receivables (Taxes)	848,663	422,384
Prepaid Expenses	-	6,985
Capital Assets (Net of Accumulated Depreciation)	559,521	595,941
Total Assets	2,532,592	1,351,993
Liabilities		
Accounts Payable	292,628	116,286
Grant Encumbered Funds	27,249	-
Accrued Liabilities	5,691	372
Compensated Absences	13,768	9,933
Total Liabilities	\$ 339,336	\$ 126,591

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Year Ended May 31, 2006

Management's Discussion and Analysis

STATEMENT OF NET ASSETS SUMMARY (Continued)

	2006	2005
Net Assets		
Invested in Capital Assets	\$ 559,521	\$ 595,941
Unrestricted, Reported in General Fund	1,576,306	617,792
Unrestricted, Reported in Special Revenue Fund	57,429	11,669
Total Net Assets	\$ 2,193,256	\$ 1,225,402

STATEMENT OF ACTIVITIES SUMMARY

	2006	2005
Revenues		
General Revenues		
Sales Taxes		
Local Collections	\$ 981,110	\$ 647,342
State Appropriation	1,105,605	658,750
Interest Income	30,489	9,305
Program Revenues	20,127	37,500
Miscellaneous	111,446	4,439
Total Revenues	2,248,777	1,357,336
Expenses		
Promotion of Tourism	1,062,169	1,209,657
Event Centers	218,754	260,182
Total Expenses	1,280,923	1,469,839
Changes in Net Assets	\$ 967,854	\$ (112,503)

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual General Fund and Special Revenue Fund revenues exceeded the budgeted amount by \$796,651 and \$96,904, respectively. This budget overage was primarily attributable to an increase in gross hotel sales and an increase in state appropriation. The General Fund actual expenditures were less than budgeted by \$165,698.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission has the authority to levy 3% hotel occupancy tax. An increase in the tax is not anticipated for 2007. The St. Tammany Parish Tourist Commission Visitor Magazine project will be completed in the year ending May 31, 2007. The adopted budget was amended in a timely manner. The amended budget reflected no change in the Net Budgeted Deficit as originally adopted.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Year Ended May 31, 2006

Management's Discussion and Analysis

CAPITAL ASSETS

During the year ended May 31, 2006, net capital assets decreased by \$36,419, which included additions of \$6,207, depreciation of \$37,269, and net retirements of \$5,367.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Donna O'Daniels, Executive Director, 68099 Hwy. 59, Mandeville, Louisiana 70471.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement A

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Statement of Net Assets
May 31, 2006

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 13,121
Investments	1,111,287
Receivables - Taxes	848,663
Capital Assets, Net	<u>559,521</u>
Total Assets	<u>2,532,592</u>
Liabilities	
Accounts Payable	292,628
Grant Encumbered Funds	27,249
Accrued Liabilities	5,691
Compensated Absences	<u>13,768</u>
Total Liabilities	<u>339,336</u>
Net Assets	
Invested in Capital Assets	559,521
Unrestricted, Reported in:	
General Fund	1,576,306
Special Revenue Fund	<u>57,429</u>
Total Net Assets	<u><u>\$ 2,193,256</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Statement of Activities
Year Ended May 31, 2006

Functions / Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Assets Governmental Activities
Governmental Activities			
Promotion of Tourism	\$ 1,062,169	\$ 20,127	\$ (1,042,042)
Events Centers	218,754	-	(218,754)
Total Governmental Activities	\$ 1,280,923	\$ 20,127	\$ (1,260,796)
General Revenues			
Sales Taxes			
Local Collections			981,110
State Appropriation			1,105,605
Miscellaneous Income			111,446
Interest Income			30,489
Total General Revenues			2,228,650
Change in Net Assets			967,854
Net Assets, Beginning of Year			1,225,402
Net Assets, End of Year			\$ 2,193,256

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Statement C

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Balance Sheet

Governmental Funds

May 31, 2006

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 13,121	\$ -	\$ 13,121
Investments	1,074,580	36,707	1,111,287
Receivables - Taxes	848,663	-	848,663
Due from Other Funds	-	170,117	170,117
Total Assets	\$ 1,936,364	\$ 206,824	\$ 2,143,188
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 143,233	\$ 149,395	\$ 292,628
Accrued Liabilities	5,691	-	5,691
Grant Encumbered Funds	27,249	-	27,249
Due to Other Funds	170,117	-	170,117
Total Liabilities	346,290	149,395	495,685
Fund Balances			
Unreserved, Reported in			
General Fund	1,590,074	-	1,590,074
Special Revenue Fund	-	57,429	57,429
Total Fund Balances	1,590,074	57,429	1,647,503
Total Liabilities and Fund Balances	\$ 1,936,364	\$ 206,824	\$ 2,143,188

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Financial Statement of Net Assets
May 31, 2006

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Fund Balances - Total Governmental Funds	\$ 1,647,503
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	898,057
Less: Accumulated Depreciation	(338,536)
Compensated Absences	<u>(13,768)</u>
Net Assets of Governmental Activities	<u>\$ 2,193,256</u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended May 31, 2006

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Sales Taxes			
Local Collections	\$ 981,110	\$ -	\$ 981,110
State Appropriation	845,081	260,524	1,105,605
Advertisement Sales	20,127	-	20,127
Miscellaneous Income	108,623	2,823	111,446
Interest Income	29,322	1,167	30,489
Total Revenues	1,984,263	264,514	2,248,777
Expenditures			
Current:			
Personnel			
Salaries	362,522	-	362,522
Payroll Taxes and Fringe Benefits	75,715	-	75,715
Marketing and Promotion			
Advertising	128,758	-	128,758
Auto Expenses	4,775	-	4,775
Brochures	105,044	-	105,044
Cooperative Advertising and Promotion	32,532	-	32,532
Dues and Subscriptions	13,025	-	13,025
Postage and Shipping	7,956	-	7,956
Promotional Merchandise	8,145	-	8,145
Research and Development	30,830	-	30,830
Special Promotions	9,228	-	9,228
Tammany Trace	30,000	-	30,000
Telephone	13,382	-	13,382
Trade Shows	9,720	-	9,720
Training and Education	659	-	659
Travel	34,433	-	34,433
Uniforms	1,418	-	1,418
General and Administrative			
Auto Expenses	1,825	-	1,825
Equipment Rental	10,884	-	10,884
Insurance	17,380	-	17,380
Office Supplies	21,717	-	21,717
Official Notice Publication	2,079	-	2,079
Professional Fees	25,540	-	25,540
Rent	949	-	949
Repairs and Maintenance	52,510	-	52,510
Training and Education	6,509	-	6,509
Travel	1,060	-	1,060
Utilities	13,319	-	13,319
Performing Arts and/or Convention Centers	-	218,754	218,754
Total Expenditures	1,021,914	218,754	1,240,668
Net Changes in Fund Balances	962,349	45,760	1,008,109
Fund Balances, Beginning of Year	627,725	11,669	639,394
Fund Balances, End of Year	\$ 1,590,074	\$ 57,429	\$ 1,647,503

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Government-Wide Financial Statement of Activities
Year Ended May 31, 2006

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 1,008,109
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(31,062)
Net Loss on Disposition of Capital Assets	(5,367)
Change in Governmental Fund Compensated Absences	<u>(3,826)</u>
Change in Net Assets of Governmental Activities	<u>\$ 967,854</u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The mission of the St. Tammany Parish Tourist and Convention Commission (the Commission) is to promote and develop tourism within St. Tammany Parish (the Parish). It operates two tourist information centers within the Parish and employs a staff of approximately 15 employees who coordinate advertisements and promotion of tourism for the Parish. The more significant of the Commission's accounting policies are described below.

Reporting Entity

The Commission was created in 1976, by Ordinance 674 of the St. Tammany Parish Council (the Council). It was re-established as a separate political body under the provisions of Act 47 of the 1995 regular session of the Louisiana Legislature. The Commission is governed by a Board of Commissioners, which are appointed by the St. Tammany Parish Council. The Commission consists of seven commissioners. Six of the members serve terms of three years with the seventh commissioner serving a term of one year to be alternatively appointed from the eastern and western corridors of the Parish.

As the governing authority of the Parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The Commission is a component unit of the Parish because the Council appoints all members of the Commission, and as such, is financially accountable for the Commission. However, the Parish governing authority has elected to not report the Commission in its annual financial statements, which is a departure from generally accepted accounting principles. The accompanying financial statements present information only on the funds *maintained by the Commission and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.*

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the General Fund and the Special Revenue Fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded when paid.

Sales tax revenues are collected by the St. Tammany Parish Sheriff and are remitted to the Commission monthly. Taxes are remitted in the month following collection and are considered measurable at the month of collection. Accordingly, sales taxes collected in May 2006, and remitted in June 2006, have been reported as a receivable.

Each state fiscal year, the Louisiana Legislature has the authority to appropriate funds from state sales tax collections to be distributed to tourist and convention commissions throughout the state to be used for tourism development, including support for historic preservation and arts and humanities. The amount appropriated by the state is limited to state sales taxes on hotels and motels within St. Tammany Parish. The amounts appropriated by the state have been recorded in these financial statements. Payments are made quarterly.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Commission reports the following major governmental funds:

General Fund - the general operating fund of the Commission and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. State sales taxes, which have been designated for expenditures related to the formation of "events centers" within the parish, are accounted for in this fund.

Budgets and Budgetary Accounting

The Commission has adopted a budget for its general and special revenue funds. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Commission. Budgeted amounts in the accompanying financial statements include all amendments. All budgeted amounts, which are not expended or obligated through contracts, lapse at year end. The Commission's budget is materially consistent with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the Commission to invest in the following types of securities:

- (1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
- (2) Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana. In addition, local governments in Louisiana, are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U.S. Government instrumentalities that are federally sponsored, and provided such obligations are backed by the full faith and credit of the U.S. Government.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Investments

- (4) Direct repurchase agreements of any federal bank entry only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.
- (5) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933, and the Investment Act of 1940, and which have underlying investments consisting solely of, and limited to, securities of the U.S. Government or its agencies.

Investments, as required by Government Auditing Standards Board Statement No. 31, are reported at fair value, which is determined using selected bases.

Capital Assets

Capital assets, which include building, improvements, furniture and fixtures, computers and other assets, are reported in the governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost, if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital outlays are recorded as expenditures of the General Fund, and they are recorded as assets in the government-wide financial statements. Depreciation is recorded on general fixed assets on a government-wide basis.

All capital assets are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	10 - 30 Years
Leasehold Improvements	7 Years
Furniture and Fixtures	7 Years
Computers, Software and Fixtures	5 - 12 Years
Other Assets	5 - 12 Years

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees accrue vacation leave at the rate of ten days per year. At the end of the year, any remaining vacation days are forfeited. Employees accrue sick leave at the rate of twelve days per year. Sick leave is cumulative up to a maximum of 24 days. Upon termination of employment, employees are paid any unused vacation leave, but any remaining sick leave is forfeited. At May 31, 2006, the Commission had accrued compensated absences payable of \$13,768, which has been reported on the Statement of Net Assets.

Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

1. Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
2. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Governmental Funds Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "Due to/from Other Funds."

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

May 31, 2006

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at May 31, 2006:

Demand Deposits	<u>\$13,121</u>
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These deposits are stated at cost, which approximates market. At May 31, 2006, the Commission has \$53,991 in deposits (collected bank balances). Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. *These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.*

Note 3. Investments

Investments of \$1,111,287, which are stated at market using published quotes as of May 31, 2006, are in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125, because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the state to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 3. Investments (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

Note 4. Taxes Receivable

Taxes receivable as of May 31, 2006, consist of the collected monies due from:

St. Tammany Parish Sheriff	\$ 104,685
State of Louisiana	<u>743,978</u>
	<u>\$ 848,663</u>

Note 5. Capital Assets

Change in capital assets for the year ended May 31, 2006, is as follows:

Governmental Activities	Balance June 1, 2005	Increases	Decreases	Balance May 31, 2006
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 897,064	\$ -	\$ -	\$ 897,064
Leasehold Improvements	15,343	-	(15,343)	-
Furniture and Fixtures	63,965	-	(11,386)	52,579
Computers and Software	75,270	8,207	(6,565)	74,912
Other	73,502	-	-	73,502
Total Capital Assets Being Depreciated	<u>925,144</u>	<u>6,207</u>	<u>(33,294)</u>	<u>898,057</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(180,069)	(21,165)	-	(181,234)
Leasehold Improvements	(14,247)	-	14,247	-
Furniture and Fixtures	(53,669)	(3,076)	9,656	(47,089)
Computers and Software	(48,507)	(7,739)	4,024	(52,222)
Other	(52,702)	(5,289)	-	(57,991)
Total Accumulated Depreciation	<u>(329,194)</u>	<u>(37,289)</u>	<u>27,927</u>	<u>(338,536)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 595,950</u>	<u>\$ (31,082)</u>	<u>\$ (5,367)</u>	<u>\$ 559,521</u>

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 6. Accounts Payable

At May 31, 2006, accounts payable consisted of the following:

	General Fund	Special Revenue Fund
Trade Payables	\$ 129,194	\$ 149,395
Credit Card Payable	14,040	-
	<u>\$ 143,234</u>	<u>\$ 149,395</u>

Note 7. Compensation Paid Commissioners

The Commissioners received no compensation from the Commission for the year ended May 31, 2006.

Note 8. Contingent Liabilities

The Commission is contingently liable to the St. Tammany Parish Council for the acreage transferred to the Commission in a prior year, in the event that the Commission no longer has a need to utilize this land donated by the Council. The Commission has agreed to give the Council the first right to buy the property. In the event the Council does not exercise its first right to buy the property, then upon subsequent sale of the property, the Commission must reimburse the Council an amount of money equal to the fair market value of the land at the time of sale, less improvements, based upon an appraisal to be determined by two independently chosen appraisers.

Note 9. Cooperative Promotion Program

The Commission has instituted procedures for issuing matching funds to non-profit entities within St. Tammany Parish for the purpose of development and upgrading tourism in St. Tammany Parish. Applications for Cooperative Promotion Program funds are made to a subcommittee of the Commission, which then present the request to the full Board. Funds are paid to non-profit entities under the program on a 50/50 cash matching basis to be paid from the General Fund.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
May 31, 2006

Notes to Financial Statements

Note 10. Event Center Program

In accordance with LSA Revised Statue 47:302.26, the Commission has placed 25% of its state funding in the Special Revenue Fund, to be used by performing arts and/or convention centers within St. Tammany Parish. At May 31, 2006, the fund balance of \$57,429 is available for the use of events centers. Beginning June 1, 2004, the state has restricted 40% of the special revenue fund revenues to the East St. Tammany Events Center District and 40% to the Recreation District No. 1 of St. Tammany Parish.

Note 11. Deferred Compensation Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or beneficiary) solely the property and rights of the Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Commission's legal counsel that the Commission has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The Commission believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Accordingly, the plan assets and related liabilities have not been included herein.

Investments are managed by the plan's administrator (The Great West Life Assurance Company). The choice of the investment option(s) are made by the plan participants.

Note 12. Hurricane Katrina

On August 29, 2005, St. Tammany Parish was severely impacted by Hurricane Katrina. The Commission leases space in Slidell, where it operates a visitor center. The visitor center was flooded and all contents were destroyed. The contents were insured with a \$10,000 deductible. The Commission removed destroyed leasehold improvements, computers and furniture with a net book value of \$5,357 from its capital assets. The Commission expects that its tax revenues after the hurricane will be impacted, but the impact cannot be determined at this time.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
 Budgetary Comparison Schedule
 General Fund
 Year Ended May 31, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Sales Taxes				
Local Collections	\$ 636,350	\$ 636,350	\$ 981,110	\$ 344,760
State Appropriation	494,062	494,062	845,081	351,019
Advertising Sales	52,000	52,000	20,127	(31,873)
Miscellaneous Income	100	100	108,623	108,523
Interest Income	5,100	5,100	29,322	24,222
Total Revenues	1,187,612	1,187,612	1,984,263	796,651
Expenditures				
Current:				
Personnel				
Salaries	427,530	427,530	362,522	65,008
Payroll Taxes and Fringe Benefits	82,828	82,828	75,715	7,113
Marketing and Promotion				
Advertising	200,000	200,000	128,758	71,242
Auto Expenses	6,700	8,700	4,775	1,925
Brochures	105,500	105,500	105,044	456
Cooperative Advertising and Promotion	50,000	50,000	32,532	17,468
Dues and Subscriptions	12,500	12,500	13,025	(525)
Postage and Shipping	20,000	20,000	7,956	12,044
Promotional Merchandise	46,000	46,000	8,145	37,855
Research and Development	4,000	4,000	30,830	(26,830)
Special Promotions	5,000	5,000	9,228	(4,228)
Tammany Trace	30,000	30,000	30,000	-
Telephone	18,000	18,000	13,382	4,618
Trade Shows	16,000	16,000	9,720	6,280
Training and Education	2,000	2,000	659	1,341
Travel	37,200	37,200	34,433	2,767
Uniforms	3,000	3,000	1,418	1,582
General and Administrative				
Auto Expenses	3,000	3,000	1,825	1,175
Capital Expense	5,000	5,000	-	5,000
Equipment Rental	12,000	12,000	10,884	1,116
Insurance	22,500	22,500	17,380	5,120
Office Supplies	12,953	12,953	21,717	(8,764)
Official Notice Publication	1,200	1,200	2,079	(879)
Professional Fees	16,000	16,000	25,540	(9,540)
Rent	1	1	949	(948)
Repairs and Maintenance	32,000	32,000	52,510	(20,510)
Training and Education	1,000	1,000	6,509	(5,509)
Travel	1,200	1,200	1,060	140
Utilities	14,500	14,500	13,319	1,181
Total Expenditures	1,187,612	1,187,612	1,021,914	165,698
Net Change in Fund Balance	\$ -	\$ -	962,349	\$ 962,349
Fund Balance, Beginning of Year			627,725	
Fund Balance, End of Year			<u>\$ 1,590,074</u>	

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
 Budgetary Comparison Schedule
 Special Revenue Fund
 Year Ended May 31, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Sales Taxes				
State Appropriation	\$ 164,687	\$ 164,687	\$ 260,524	\$ 95,837
Miscellaneous Income	-	-	2,823	-
Interest Income	100	100	1,167	1,067
Total Revenues	<u>164,787</u>	<u>164,787</u>	<u>264,514</u>	<u>96,904</u>
Expenditures				
Current:				
Performing Art and/or Convention Centers	<u>164,787</u>	<u>164,787</u>	<u>218,754</u>	<u>(53,967)</u>
Total Expenditures	<u>164,787</u>	<u>164,787</u>	<u>218,754</u>	<u>(53,967)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>45,760</u>	<u>\$ 150,871</u>
Fund Balance, Beginning of Year			<u>11,669</u>	
Fund Balance, End of Year			<u>\$ 57,429</u>	

SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Schedule Of Governing Board
May 31, 2006

<u>Board of Commissioners</u>	<u>Term of Office</u>	<u>Compensation</u>
Debbi Smith, Chairman 26060 Cloverland Road Lacombe, LA 70445	December 31, 2006	-0-
Evans Spiceland, Secretary - Treasurer 123 West Ruelle Mandeville, LA 70471	December 31, 2007	-0-
Connie Born 102 Athene Dr. Slidell, LA 70460	December 31, 2007	-0-
Kerry Painter, Vice-Chairman 100 Harbor Center Boulevard Slidell, LA 70461	December 31, 2006	-0-
Barry Mendelson 106 Beau Pre Mandeville, LA 70471	December 31, 2006	-0-
Kristen McLaron 106 Trinity Lane Mandeville, LA 70471	December 31, 2008	-0-
Sandip Chauhan 69389 6 th Avenue Covington, LA 70433	December 31, 2008	-0-



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
St. Tammany Parish Tourist and Convention Commission

We have audited the financial statements of the St. Tammany Parish Tourist and Convention Commission as of and for the year ended May 31, 2006, and have issued our report thereon dated November 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the St. Tammany Parish Tourist and Convention Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Tammany Parish Tourist and Convention Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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A Professional Accounting Corporation

November 6, 2006